

Message Text

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PAGE 01 STATE 121669

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R 132030Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY BERN

AMEMBASSY VIENNA

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REF: BERN 2231 (NOTAL)

FOLLOWING REPEAT STATE 121669 ACTION ALL AMREP DUBLIN BANGKOK
BELIZE CANBERRA MANILA MBABANE NEW DELHI PORT LOUIS PRETORIA
SUVA TAIPEI TANANARIVE EC BRUSSELS GENEVA LONDON ROME REPEATED
BLANTYRE JUNE 8TH

QUOTE

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: SUGAR ACT EXTENSION DEFEATED

REF: STATE 118987

1. DEFEAT OF SUGAR ACT EXTENSION (REFTEL) WAS ESSENTIALLY
UNRELATED TO FOREIGN ASPECTS OF H.R. 14747. DURING DEBATE,
AMENDMENTS TO ELIMINATE SOUTH AFRICAN QUOTA AND SUSPEND
VENEZUELAN QUOTA WERE DEFEATED. FINAL DEFEAT OF BILL WAS
AT HANDS OF A DISPARATE COALITION INCLUDING CONSUMER ADVO-
CATES, INDUSTRIAL SUGAR USERS, AND CONGRESSMEN WITH URBAN
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PAGE 02 STATE 121669

OR SUBURBAN CONSTITUENCIES. MANY OBSERVERS BELIEVE THAT

ONE CRITICAL FACT WAS THAT WORLD MARKET SUGAR PRICES ARE AT RECORD HIGHS, AND THE SUGAR ACT HAS NOT RPT NOT PREVENTED U.S. PRICES FROM RISING TO TWICE THE LEVEL THE ACT IS INTENDED TO ACHIEVE. NEVERTHELESS, REJECTION WAS UNEXPECTED BY VIRTUALLY ALL CONGRESSIONAL OBSERVERS.

2. IN WAKE OF BILL'S DEFEAT, IT IS UNCLEAR WHETHER OR IN WHAT FORM ATTEMPTS MAY BE MADE IN CONGRESS TO RESURRECT THE ACT. CHAIRMAN POAGE OF HOUSE AGRICULTURE COMMITTEE IS NOT CURRENTLY DISPOSED TO MAKE ANY FURTHER ATTEMPT TO SEEK NEW LEGISLATION. SUPPORTERS OF THE ACT MAY SEEK SHORT (ONE OR TWO YEARS) EXTENSION OF CURRENT LEGISLATION, AND EFFORTS MAY ALSO BE MADE TO INITIATE ACTION IN THE SENATE, POSSIBLY AS A RIDER TO THE TRADE REFORM ACT OR OTHER LEGISLATION.

3. DEPT IS AWARE THAT POSSIBLE DEMISE OF ACT WILL CAUSE CONSIDERABLE UNCERTAINTY AND SOME CONSTERNATION IN SUPPLYING COUNTRIES. WE EXPECT PARTICULAR CONCERN AMONG RELATIVELY INEFFICIENT PRODUCERS WHICH ARE HEAVILY DEPENDENT ON PROTECTED U.S. MARKET. GIVEN CURRENT WORLD-WIDE SUGAR SHORTAGE, HOWEVER, THE IMMEDIATE ECONOMIC IMPLICATIONS ARE LIKELY TO BE MINIMAL. THERE MAY BE SOME MARKET VOLATILITY IN THE SHORT RUN AS A RESULT OF UNCERTAINTY ABOUT FUTURE U.S. SUGAR POLICY.

4. UNTIL DUST SETTLES AND PROSPECTS FOR REVIVAL OF SOME LEGISLATION IN CONGRESS ARE CLEARER, POSTS SHOULD NOTE THAT LONG TERM IMPLICATIONS OF HOUSE ACTION ARE AS YET UNCLEAR. DEPT WILL KEEP POSTS INFORMED AS FURTHER INFORMATION DEVELOPS. KISSINGER UNQUOTE SISCO

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